

**NEW YORK UNIVERSITY**  
**Stern School of Business**

**Principles of Financial Accounting**  
**Fall 2014**  
**MW 11:00a-12:15p; 2:00p-3:15p**

**PRINCIPLES OF FINANCIAL ACCOUNTING**  
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**Principles of Financial Accounting**  
**Fall 2014**  
**Sections 3 & 4.**  
**MW 11:00a-12:15p; 2:00p-3:15p**

**Instructor**

Alex Dontoh  
Office Hours: MW 3:30p-5:30p  
and by appointment

**Teaching Assistants**

Darryl Birtwistle  
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**Course Description**

Financial accounting reports are used in valuation, in contracting, by investors, by creditors, by managers and by the government. A good understanding of these reports is one of the basic building blocks of a business education. This course focuses on the development, preparation, analysis and use of financial reports. The course provides an understanding of what financial reports contain, what assumptions and concepts accountants use to prepare them, and why they use those assumptions and concepts. The course is divided into three parts. Part I is designed to develop your appreciation of fundamental accounting concepts and parts II&III focus on the application of your accounting knowledge on earnings quality issues and earnings management activities related to assets, liabilities, and equity. Topics covered include: accounts receivables, inventory, long-term assets, intangible assets, bonds, leases, income taxes, and shareholders' equity.

**Goals**

By the end of the course, you should: (1) understand the core concepts of financial accounting including how accountants analyze and record the effects of individual transactions, and the concepts that are essential to understanding financial reports such as assets, liabilities, owners' equity, revenues, expenses and cash flows; (2) be able to interpret annual report information and analyze a company's performance using this information; and (3) be fluent in the language of business.

**Teaching Philosophy**

I believe the most efficient use of class time aims at reinforcing what the student has tried to achieve on an individual basis prior to class. In-the-classroom learning is achieved by (a) whole-hearted and serious studying of the assigned readings and solving the assigned problems or cases; (b) in-class discussions of the material by the students and instructor; and (c) underscoring of important points via short lectures. In light of this, adequate preparation for the class and participation during class are essential.

**Preparing for Class**

We have considerable amount of material to cover in the course in a relatively short period of time. For most efficient use of class time, it is critical that you prepare adequately for each and every class. It is your responsibility to read the class schedule provided in pages 6-8 of this syllabus

carefully to find out reading assignments required for each class session. To ensure that pre-class reading assignments are done, each class meeting will be preceded by a pre-class assignment. To complete reading assignments you will need to have read the assigned pages from the textbook and then work the exercise from the back of the chapter prior to the class session. All pre-class assignments should be submitted through the McGraw-Hill Connect online assignment website established for the class. Since the goal of pre-class assignments is to prepare you adequately to for each class, the Connect system will be set up to allow you multiple attempts to complete the assignment and to give you immediate feedback after you complete each question. All pre-class reading assignments will be graded on preparation effort and not on the correctness of your answers. The grading will simply be credit (1) or no credit (0). There are 22 of these exercises. You can drop any two of them. Completion of 20 will earn 10 percentage points, 19, 9.5 points, etc.

### **Homework Assignments**

Homework assignments due dates are indicated in the course schedule. Late homework will not be accepted. I however will make an exception to this policy for reasons of religious observance or civic obligation *only* when the homework cannot reasonably be completed prior to the due date and you make arrangements for late submission with me in advance. Your homework should be neat and orderly.

### **Exams**

There will be two midterm exams and a final exam. All exams will be closed book. However, you are allowed to bring into the exam one double sided 8 ½" x 11" page of your own notes (cheat sheet). Due to the cumulative nature of the course material, all exams will necessarily be cumulative unless indicated otherwise. You are allowed the use of a calculator for all exams. However, laptops, cell phones and other hand-held smart devices that have internet connections will not be permitted during exams.

### **Annual Report Term Project**

The Annual Report project is designed to give you practice in interpreting and analyzing company financial information. I would like you to complete the project in teams. The report should be prepared in good form, using proper grammar, paragraph, and sentence structure. It should be typed, double-spaced, with approximately 1" margins. Number the pages. Use headings and subheadings to separate major sections of the report. Include citations for sources of information. A reference should be provided for any information that is not your own idea. Write in your own words. Use quotations sparingly. Provision will be made to submit a copy of the paper online through Turnitin plagiarism-prevention facility in addition to a hardcopy submission. Detailed instructions may be found in pages 9-15 of this syllabus.

### **Class Attendance/Presence:**

Class Attendance is required and constitutes part of your course grade. Attendance will be taken at the start of each scheduled class. Absences may be excused only in the case of documented serious illness, family emergency, religious observance, civic or important work obligation. If you anticipate missing a class for religious observance or civic obligation, you must inform me no later than 24 hours before the start of the class. Recruiting activities and business trips are not acceptable reasons for absence from class. You are responsible for knowing what goes on in class, which may include material not covered in the readings, modifications to the syllabus, and announcements concerning exams. Most course announcements shall be made in class and email messages will be sent to your NYU email address only. It is your responsibility to ensure that this is correct, to check the email and/or make sure that it is correctly forwarded to an address that you do check on frequent

basis. Also, it is your responsibility to check the NYU Classes course web site regularly and often. Lastly, this is a hands-on course and in-class participation is essential to perform well in it. You should therefore make every effort to attend all class sessions.

### **Arriving Late, Leaving Early, Coming & Going**

Students are expected to arrive to class on time and stay to the end of the class period. Arriving late or leaving class early will have impact on the course grade. Students may enter class late only if given permission by me and can do so without disrupting the class. I would appreciate knowing if you are going to come to class late, and, if you are going to be late, please enter as unobtrusively as possible. You are encouraged to participate in class and I will be inviting you to contribute to the discussion even when you don't volunteer. You should refrain from using laptops, cell phones, smart phones and other electronic devices during class and during exams.

### **Academic Integrity**

Integrity is critical to the learning process and to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of this Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

### **General Conduct & Behavior**

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's policy in Regard to In-Class Behavior & Expectations and the NYU Disruptive Behavior Policy (<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/bullying--threatening--and-other-disruptive-behavior-guidelines.html>).

### **Students with Disabilities**

If you have a qualified disability and will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Students with Disabilities (CSD, (212) 998-4980, [www.nyu.edu/csd](http://www.nyu.edu/csd)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.

**Textbook**

The textbook for the course is *Financial Accounting* 8<sup>th</sup> Ed., (Custom Edition for New York University), by Robert Libby, Patricia Libby and Daniel Short, McGraw Hill, New York, 2011. All assigned readings and pre-class assignments are from this text. Lecture notes, solutions, and other course documents are included in a course pack available on NYU Classes. The course pack contains templates for all class slides and illustrative cases and extra practice problems and solutions and you are expected to bring relevant sections to class.

**Grading Policy**

Prep Assignments	10%
Homework Assignments	10%
Midterm Exam 1	15%
Midterm Exam 2	15%
Final Exam	40%
Term Project	10%
Friendly Quizzes	0%

# CLASS SCHEDULE

## PART I

### SESSION 1 - Overview Of Financial Statements And Reporting Process

Date	Reading Assignment	Class Prep
Sept 3		Course Pack Session 1
Sept 8	LLS Ch1 pp. 3-21	Prepare E1-3
Sept 10	LLS Ch2 pp.. 40-46	Prepare E2-5
	<b>Class Discussion Problem:</b> E1-5, E1-7	

### SESSION 2 - Recording Transactions & Preparing Financial Statements

Course Pack Session 2

Sept 15	LLS Ch2 pp. 46-67	Prepare E2-12
Sept 17	LLS Ch3 pp. 98-123;	Prepare E3-5
	<b>Class Discussion Mini Case:</b> Partco Company, Planet of the Grapes. E3-10	
	<b>Self Study Demonstration Case:</b> Terrific Lawn Corp. Part 1&2 LLS pp. 69-72;125-129	

### SESSION 3 - Income Measurement And Accrual Accounting

Course Pack Session 3

Sept 22	LLS: Ch. 4 pp. 160-173	Prepare E4-2
Sept 27	LLS: Ch. 4 pp. 174-180;181-184	Prepare E4-6
	<b>Class Discussion Mini Case:</b> Village Appliance Shop	
	<b>Self Study Demonstration Case:</b> Terrific Lawn Corp. LLS pp. 186-192	
Sept 29	<b>Recap Quiz and Review</b>	
Oct 1	<b>Midterm Exam 1</b>	Covers Sessions 1-3

## PART II

### SESSION 4 - Statement of Cash Flows

Course Pack Session 4

Date	Reading Assignment	Class Prep
Oct 6	LLS: CH12 598-601	Prepare E12-1
Oct 8	LLS: CH12 602-611	Prepare E12-9
Oct 15	LLS: CH12 616-617	Prepare E12-12
	<b>Class Discussion Mini Case:</b> Breda Enterprises Inc.	
	<b>Self Study Demonstration Case:</b> National Beverage Corp. LLS p 611-612	

**SESSION 5 - Revenue Recognition And Accounts Receivable:**

Course Pack Session 5

<b>Date</b>	<b>Reading Assignment</b>	<b>Class Prep</b>
<b>Oct 20</b>	LLS: Ch. 6 pp. 276-283	Prepare E6-2
<b>Oct 22</b>	LLS: Ch. 6 pp. 286-293	Prepare E6-12
	<b>Class Discussion Mini Case:</b> Mantes Corporation	
	<b>Self Study Demonstration Case:</b> Wholesale Warehouse Stores LLS pp. 299-301.	

**SESSION 6 - Inventory And Cost Of Goods Sold**

Course Pack Session 6

<b>Oct 27</b>	LLS: Ch7 326-338	Prepare E7-1, E7-5
<b>Oct 29</b>	LLS: Ch7 339-346;352-353	Prepare E7-12
	<b>Class Discussion Mini Case:</b> Adnan Oil Heat Co.	
	<b>Self Study Demonstration Case:</b> Balent Appliances LLS pp. 350-351.	
<b>Nov 3</b>	<b>Recap Quiz and Review</b>	
<b>Nov 5</b>	<b>Midterm Exam II</b>	Covers Sessions 4-6

**PART III****SESSION 7 - Long Lived Tangible And Intangible Assets**

Course Pack Session 7

<b>Date</b>	<b>Reading Assignment</b>	<b>Class Prep</b>
<b>Nov 10</b>	LLS: Ch8 380-398	Prepare E8-3
<b>Nov 12</b>	LLS: Ch8 401-405	Prepare E8-8
<b>Nov 17</b>	LLS: Ch8 406-409	Prepare E8-12
	<b>Class Discussion Mini Case:</b> Problem P8-10 in LLS Upjane Corporation and Dakota Corporation	
	<b>Self Study Demonstration Case:</b> Diversified Industries LLS 412-414	

**SESSION 8 - Long Term Liabilities: Bonds & Capital Leases**

Course Pack Session 8

<b>Nov 19</b>	<b>Current Liabilities Present Value Concepts</b>	LLS: CH9 450-462, 466-472;	Prepare E9-1; E9-12
<b>Nov 24</b>	<b>Bond Valuation</b>	LLS: CH10 498-510	Prepare, E10-8; P10-2
<b>Nov 26</b>	<b>Lease Liability</b>	LLS: CH9 464-466,	Prepare, E9-9
<b>Dec 1</b>	<b>Bond Interest Calculations</b>	LLS: CH10 512-518; 524	Prepare, E10-6; E10-15
	<b>Class Discussion Mini Case:</b> Acronis Bridge Construction Company Ivy Corporation		
	<b>Self Study Demonstration Cases:</b> Muller Co. p. 472-473; Reed Company LLS 519-520		

**SESSION 9 - Reporting And Interpreting Owners' Equity**

Course Pack Session 9

<b>Date</b>	<b>Reading Assignment</b>	<b>Class Prep</b>
<b>Dec 3</b>	LLS: Ch 11 544-552	Prepare E11-1; E11-4
<b>Dec 8</b>	LLS: Ch 11 553-560	Prepare E11-9; E11-11
	<b>Class Discussion Mini Case:</b> Monk Corporation	
	<b>Self Study Demonstration Case:</b> Owners' Club. LLS p. 563	
<b>Dec 10</b>	<b>Recap Quiz and Review Session</b>	
<b>Dec 15</b>	<b>Final Exam</b>	

<b>Team Homework Assignments</b>		<b>Due Dates</b>
<b>Session 1</b>	HW Assignment Set 1	<b>Sept 15</b>
<b>Session 2</b>	HW Assignment Set 2	<b>Sept 22</b>
<b>Session 3</b>	HW Assignment Set 3	<b>Sept 29</b>
<b>Session 4</b>	HW Assignment Set 3	<b>Oct 20</b>
<b>Session 5</b>	HW Assignment Set 4	<b>Oct 27</b>
<b>Session 6</b>	HW Assignment Set 5	<b>Nov 3</b>
<b>Session 7</b>	HW Assignment Set 6	<b>Nov 19</b>
<b>Session 8</b>	HW Assignment Set 7	<b>Dec 3</b>
<b>Session 9</b>	HW Assignment Set 8	<b>Dec. 10</b>